

Indian Elections: Young Voters Demand Development, Elect Modi

by Ramtanu Maitra

May 18—India’s six-week-long parliamentary elections, during which a record 530 million people voted, brought to power in New Delhi the Bharatiya Janata Party-led National Democratic Alliance (NDA) to power in New Delhi. The Ruling United Progressive Alliance (UPA), led by the Congress Party, suffered a crushing defeat. The victory was dictated primarily by India’s youth, as 50% of voters were under 28 years of age. It is they who demanded economic development to be the core issue and found their answer in the BJP’s leader and prime minister-elect, Narendra Modi. He has been chief minister of the middle-sized western state of Gujarat since 2001.

The poll outcome was not a surprise. The UPA’s ten-year uninterrupted reign had spawned unprecedented corruption, high inflation, and a widening disparity between the majority of the population who are poor and the middle class. This disconnect was aided by an indecisive leadership which eventually amounted to non-accountability for the problems plaguing the nation. But the UPA leaders—in essence, the Congress leaders—did not want to address the issues that involve every Indian, instead harping during the campaign on the tired mantra of secularism, stability, and the party’s glorious past.

The Congress Party had never made economic development an issue, except in the 1980 parliamentary elections, when the late Mrs. Indira Gandhi coined the slogan “*Garibi Hatao*” (Remove Poverty) as the centerpiece of her election campaign. In personal interactions with Congress politicians and pro-Congress politicians over the years, this author came to realize that the Congress Party, never willing to go off the beaten path, was simply afraid to make development a campaign issue and considered it a non-starter. They failed to acknowledge that India’s demography has changed completely (it is expected to be the youngest country in the world by 2020, with a median age of 29), and that what young people are demanding is a leader who will promote development.

Drubbing of the Congress Party

To begin with, in a country where the gap between the average age of political leaders and citizens is one of the world’s widest, Narendra Modi will be the first prime minister born after India gained independence in 1947. It is not simply that Modi made “development only” his slogan, and pushed aside communal issues as irrelevant for the campaign; he also had the background to satisfy the youth. Under his stewardship, the economy of Gujarat has nearly tripled in size. He also has a reputation for decisiveness, getting things done, rooting out corruption, stimulating investment, and slashing through the bureaucratic red tape. He offers red carpet and not red tape, he explains to investors.¹

Modi is the hands-down favorite of business executives who frequently rank Gujarat as among the easiest states in India in which to set up business. Gujarat is one of the few places in India where there is an uninterrupted electricity and water supply, and its roads are the envy of Indians from other states. In addition, Modi is an workaholic and a formidable orator and politician. As one Indian business leader remarked, Modi’s administration will be extraordinarily effective if it is managed as well as his election campaign was.

The sins of the UPA and young voters’ eagerness to elect a leader who delivers what he promises, resulted in a landslide victory. There are 543 seats in India’s parliament and any party or alliance that achieves the magic number 272 is called on to form the government. The last time a single party crossed the magic number line was in 1984, following Mrs. Gandhi’s assassination. Since then, cobbled-together alliances have been in power in New Delhi.

This time around, the BJP secured 285 seats (or, including its pre-poll allies that formed the NDA: 339) reducing the Congress Party to its worst ever tally of 46 (with its pre-poll allies, the UPA: 59). As a Delhi-based

1. Krishnadev Calamur, “Narendra Modi: From Humble Start to India’s Likely Prime Minister,” NPR, May 16, 2014.



Narendra Modi's Photostream

Narendra Modi campaigning in Maharashtra state, March 24, 2014. He promised to build roads, airports, ports, bullet trains, and 100 modern cities, and the nation's youthful electorate responded.

analyst pointed out, “in every nook and cranny of the nation, he [Modi] was the harbinger of hope to people crushed under price rises and corruption; families starving at unemployment and utter lack of opportunity; the indifference and callousness of rulers; and above all, the sense of national drift towards the abyss.”

Not surprisingly, the results vindicated the claims and expectations of Modi and his trusted lieutenant, Amit Shah, in Uttar Pradesh, the largest Indian state with 80 parliamentary seats, of which the BJP won an astounding 71. Thus, the party won all the seats in Gujarat (26/26), Rajasthan (25/25), Delhi (7/7), Goa (2/2), Himachal Pradesh (4/4), Uttarakhand (5/5), and did exceedingly well in Madhya Pradesh, Jharkhand, Bihar, Karnataka, Seemandhra, and Arunachal Pradesh. The Congress failed to get to first base in 12 States and 5 Union Territories—a deafening commentary on the leadership of its so-called first family.²

Historic Election

This was a historic election for many reasons. To begin with, it is the first in which the winning party, pushing aside issues of caste and religion, concentrated its campaign on development and won big. On the campaign trail, Modi, relying upon his experience with young people in Gujarat, talked of “development only.” He promised to build roads, airports, ports, bullet trains,

2. Sandhya Jain, “Narendra Modi: One Man Revolution,” Niti Central, May 16, 2014.

and 100 modern cities, if he were to become India’s leader. Even where the BJP did not have strong organizational infrastructure, young voters cast their ballots for the BJP candidate.

It is also historic because a major part of the Indian political arena has long been bounded by the political barbed wire of caste and religious communalism. But this time, the cages flew open. In Uttar Pradesh (UP), for instance, where a very large portion of India’s Muslims reside, the BJP won 71 of the 80 seats, including a significant chunk of Muslim votes. Also in that state, two major political parties that have taken turns running state affairs in recent years, are based entirely on caste.

In the recent elections, one drew a blank, while the other managed to win only 4 of the 80 seats.

What To Expect

That the UPA has been cast aside is no surprise, since under its rule the Indian economy has gone steadily backward. That is particularly disturbing, since India is adjacent to China, a nation of almost equal population, which has developed a huge production capacity. India-China trade is growing at a rapid clip, but the trade imbalance favors China more and more, simply because the UPA undermined India’s manufacturing sector and the employment that came with it. The failure to strengthen the manufacturing sector will be a serious impediment to broadening India-China bilateral relations in the future. Unless the disparity between the two countries is decreased significantly in the coming years, the region will remain unstable, and mischief-makers from both West and East will continue to undermine this crucial bilateral relationship.³

Since the 1990s, India’s agricultural and manufacturing sectors have languished, while so-called knowledge-based, high-end information services have grown.

In the case of the manufacturing sector, a major reason for its decline is the glaring failure of the UPA governments to develop power and transportation infrastructure commensurate to the needs of a growing economy of 1.3 billion people. Since the IT industry is

3. Arun Maira, “Pulling Manufacturing Out of the Rut,” *The Hindu*, Sept. 19, 2013.

FIGURE 1
India's States and Union Territories



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Foreign Affairs

It is expected that Modi will be looking east and north for his foreign policy initiatives: notably to Japan, China, and South Korea. He has developed strong investment-related links with Japan, which has invested more in the middle-sized Indian state of Gujarat than in any other state of India.

An Indian analyst, Brahma Chellaney, identifying Modi's close links with Japan, and with Prime Minister Shinzo Abe in particular, compared the two men recently, saying that Modi's election victory reflects Indians' desire for a dynamic, assertive leader to revitalize their country's economy and security. Like Abe, Modi is expected to focus on reviving India's economic fortunes while bolstering its defenses and its strategic partnerships with like-minded states, thereby promoting regional stability and blocking the rise of a Sino-centric Asia. The 63-year-old Modi mirrors Abe's soft nationalism, market-oriented economics, and "new Asianism," seeking close ties with Asian democracies to create a web of interlocking strategic partnerships.

far less dependent on infrastructure for its operations than manufacturing is, it did not have to contend with this impediment.

Unlike outgoing Prime Minister Manmohan Singh, a weak man whose economic failures reflect his training in the World Bank in his early days, and who allowed himself to be yanked around by the Congress Party bosses, Modi is tough and works very independently. There is no doubt that Modi will step in as India's new leader at a daunting period. But there is also no doubt that he will enjoy support from the vast majority of Indians in addressing the urgent issues before the country with vision and determination—provided he does the necessary political work and lays out his objectives in clear language.

Following his visit to Japan last year, Modi told top bureaucrats that he wished to attract to Gujarat at least 50 new projects by Japanese companies over the next five years.

Apparently Chellaney is off the mark in evaluating Modi's view of China. He has visited China four times and, according to a consultant who traveled with him, Modi is enamored with the place. There is little doubt that Modi will move forward quickly, seeking investment from, and in, China. He will be at the July BRICS (Brazil, Russia, India, China, and South Africa) summit in Brazil, perhaps his first overseas visit as India's prime minister, where he will meet Chinese President Xi Jinping. At the same time, Modi is a security-oriented politician who made some tough statements during his campaign, which made clear that he will not

make territorial concessions in the India-China border dispute.

China's response to Modi has always been positive. "China is willing to make joint efforts with the new Indian government, maintain high-level exchanges, deepen cooperation in all areas, and bring the China-India strategic partnership to new heights," Chinese Foreign Ministry spokesperson Hua Chunying told reporters in Beijing, in response to a question on the BJP's election victory. The Chinese media has been making positive projections about future prospects of bilateral ties under a Modi government.

Stephen P. Cohen, Senior Fellow at the India Project at the Brookings Institution, said on April 30, days before election results became available, at a panel discussion where Indian Ambassador to the United States S. Jaishankar was present, "The big change that I see—we all thought Modi would transform India's economy. I think that's true if there is a Modi government. That is going to give him more muscle and leverage in foreign policy. And the key country is China, plus Japan and South Korea. Modi has a close relationship with China, Japan, and South Korea, and a bad relationship with the U.S. He is going to expand this into a strategic advantage for India. That is, he is going to use the economic relationship with East Asia, especially China, to enhance India's power elsewhere. The original Nehruvian dream to make India among the top five or six countries of the world—I think he is going to implement that."

Financial Issues

It is too early to develop a conclusive view of what Modi's stance will be on financial issues. To begin with, he is very pro-investment and keen on developing India's infrastructure. India's central bank, the Reserve Bank of India (RBI), is now governed by Raghuram Rajan, whose prime objective in recent months has been to slow down the rate of inflation. He was appointed by the now-ousted UPA, which had every reason, particularly from its own electoral viewpoint, to curb inflation.

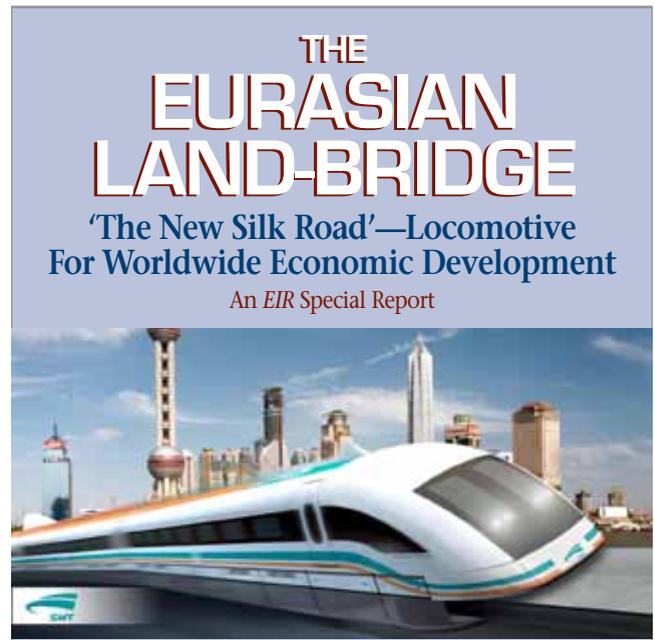
Rajan also considers high inflation a serious threat to India's economic gains of recent years. Eight months ago, when Rajan took over as head of the RBI, the rupee was in a free fall, speculators were betting on a debt crisis, and economists buzzed about India becoming the first BRIC nation to have its credit rating cut to "junk."

Rajan has halted the downward slide and is now battling inflation by slowly squeezing the money supply. He has raised borrowing costs three times to 8%. The moves were partly aimed at stabilizing the rupee after it plunged to record lows, but he is also trying to rid the \$1.8 trillion economy of the chronic inflation that exacerbates poverty, damages competitiveness, and inhibits foreign direct investment.⁴

But some media outlets have reported that several top BJP functionaries are unhappy with Rajan, because of policy differences on the trade-off between growth and inflation goals. Rajan, as a highly acclaimed economist, has written extensively about the need to strike the right balance. And there is nothing in Modi's pronouncements to indicate that he does not recognize the political danger of inflation. The two will bring different perspectives, but share the common goal of growth and employment, while keeping inflation low.⁵

4. William Pesek, "Indian Banker Has Hardest Job in Economics," Bloomberg, May 15, 2014.

5. J. Shivakumar and Inder Sud, "A Raghuram Rajan-Narendra Modi Team Can Be Good News for India," Firstpost Politics, May 12, 2014.



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